

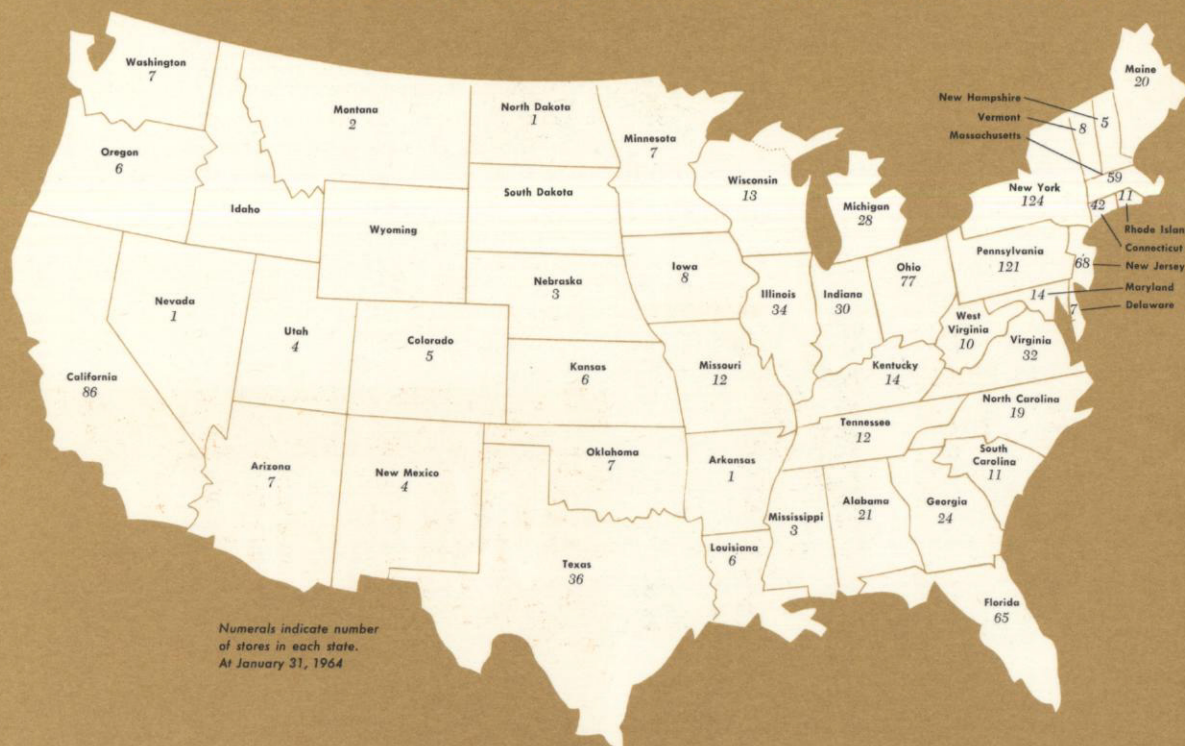


W.T. GRANT COMPANY

Annual Report 1963



1,081 W. T. GRANT FRIENDLY FAMILY STORES IN 45 STATES



The W. T. Grant Company / A BRIEF DESCRIPTION

The Company started with one store at Lynn, Mass. in 1906. On January 31, 1964, it was operating 1,081 general merchandise stores in 45 states. In addition, 4 distribution centers were servicing the stores with certain lines of merchandise.

The stores are family type stores selling merchandise lines for women, for men, for children, and for the home.

While most sales are for cash, credit sales accounted for 16.6% of total sales in 1963.

In 1963, total sales were \$698,673,000, a new all-time high for a year. Except for 1932, 1938, and 1949, the Company has had a sales increase every year in its 57 year history.

The Company has earned a profit and has paid dividends in every year of its history.

The Company is maintaining a steady program of growth. In recent years, it has been

directed almost entirely to leased shopping center stores. At the last year end, 705 of the 1,081 stores were in shopping centers.

The Company employed an average of 46,000 people during the year, with a peak of approximately 55,000 in December.

The Company's capitalization includes 150,000 shares of 3¾% preferred stock held by 758 stockholders, and 5,897,281 shares of common stock held by 16,480 stockholders.

The Company has a long term debt represented by \$35,000,000 of 4¾% Sinking Fund Debentures sold to the public in January 1962.

Besides its domestic operations, the Company owns 51% of the common stock of Zeller's Ltd., a Canadian chain operating 100 stores similar to Grant stores, with 1963 sales of \$73,980,000.

W. T. Grant Company

FOUNDED IN 1906 AT LYNN, MASS.
EXECUTIVE AND BUYING OFFICES
1441 BROADWAY, NEW YORK, N. Y. 10018

DIRECTORS

WILLIAM T. GRANT
Chairman

EDWARD STALEY
Vice Chairman

JOHN G. BYLER

JOSEPH W. CHINN

HOWLAND S. DAVIS

HOWARD E. EADES

RAYMOND H. FOGLER

JOHN D. GRAY

THOMAS P. JERMAN

ALBERT E. KELLY

JAMES G. KENDRICK

M. F. KETZ

PETER KILBURN

JOSEPH A. LIVOLSI

LOUIS C. LUSTENBERGER

CLARENCE J. MYERS

DR. CHARLES F. PHILLIPS

R. W. ROSEVEAR

OFFICERS

W. T. GRANT
Chairman of the Board

EDWARD STALEY
Vice Chairman of the Board

LOUIS C. LUSTENBERGER
President

M. F. KETZ
Financial Vice President

R. W. ROSEVEAR
Merchandise Vice President

HOWARD E. EADES
*Research and Personnel
Vice President*

JOSEPH A. LIVOLSI
Store Management Vice President

JAMES G. KENDRICK
Sales Vice President

HERBERT T. WILKINSON
Pittsburgh Region Vice President

RICHARD W. MAYER
Vice President and Treasurer

EDWARD G. MILBURN
Vice President and Comptroller

CHARLES W. RIVOIRE
Secretary

S. E. ZIMMERMAN
Assistant Secretary

ROBERT J. KELLY
Assistant Secretary

ROSALIE A. MULFORD
Assistant Treasurer

ALLAN E. LOMEN
Assistant Comptroller

E. WALTER FORSMAN
Assistant Comptroller

Transfer Agent: MORGAN GUARANTY TRUST COMPANY, NEW YORK, N. Y.

Registrar: BANKERS TRUST COMPANY, NEW YORK, N. Y.

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the highlights

	1963	1962
Sales	\$698,673,072	\$686,262,689
Net earnings	\$ 10,993,959	\$ 9,004,122
Per common share	\$1.77	\$1.44
Dividends paid per preferred share	\$3.75	\$3.75
Dividends paid per common share	\$1.20	\$1.20
Total dividends paid	\$ 7,610,666	\$ 7,559,829
Earnings retained in the business	\$ 3,383,293	\$ 1,444,293
Depreciation and amortization	\$ 6,983,403	\$ 6,782,285
Growth program—fixed assets	\$ 5,750,000	\$ 7,478,000
Employee compensation and benefits	\$140,805,455	\$131,205,257
Cents per sales dollar	20.2¢	19.1¢
Merchandise inventories	\$130,551,578	\$141,046,594
Working capital	\$138,500,651	\$124,931,072
Net fixed assets	\$ 41,275,899	\$ 42,607,916
Long term debt	\$ 35,000,000	\$ 35,000,000
Common shares outstanding	5,897,281	5,849,651
Book value common stock—per share	\$21.92	\$21.36
Number of preferred stockholders	758	774
Number of common stockholders	16,480	15,902
Number of stores	1,081	1,032

THE STORE GROWTH PROGRAM / 1959 THROUGH 1963

Year	Number New Stores Opened		Number Stores Relocated or Enlarged	Fixed Asset Expenditures
	Shopping Centers	Downtown Locations		
1963	72	—	9	\$ 5,750,000
1962	112	—	9	7,478,000
1961	112	1	10	7,855,000
1960	77	1	13	7,995,000
1959	81	4	9	7,470,000
Totals	454	6	50	\$36,548,000

To the Stockholders:

In this fifty-seventh annual report for the fiscal year ended January 31, 1964, we are pleased to report another all-time high in annual sales and a 22% increase in net earnings over the preceding year.

SALES

The year's sales totalled \$698,673,072 or 1.8% over the previous year.

Included in the 1963 sales are all-time high credit sales of \$116,192,612, which were 19.2% above last year, and accounted for 16.6% of total Company sales.

EARNINGS

The net earnings for the year were \$10,993,959 which, after preferred stock dividends, equalled \$1.77 per share on 5,897,281 shares of common stock outstanding at the year end. The 1963 net earnings are the second highest in the Company's history, exceeded only by the 1959 net earnings of \$12,257,940.

In 1962, net earnings were \$9,004,122, or \$1.44 per common share on 5,849,651 shares of common stock outstanding at the year end.

DIVIDENDS

In 1963, regular dividends of \$3.75 per share were paid on the preferred stock, and \$1.20 per share on the common stock, the same as in 1962.

In 1963, the Company continued its record of earning a profit and paying dividends in every year of its 57 year history.

FINANCIAL COMMENTS

Working capital at the year end totalled \$138,500,651 which compares with \$124,931,072 at the end of the preceding year.

Merchandise inventories in stores, distribution centers, and in transit totalled

\$130,551,578 at the year end. This is a decrease of \$10,495,016 or 7.4% from the position of a year ago.

The decrease in inventories reflects a determined effort to improve inventory management. As a result, inventories are in sound relationship to sales, and the Company's cash position has been strengthened.

At the end of 1963, installment receivables from customers were \$85,919,542, of which \$61,113,869 had been sold to banks, and the balance of \$24,805,673 was owned by the Company. At the year end last year, the receivables were \$67,031,170, of which \$66,905,814 had been sold to banks, and the balance of \$125,356 was owned by the Company.

GROWTH PROGRAM

The Company opened 72 new shopping center stores in 1963, compared to 112 in 1962. The average size of the 1963 stores was approximately 27% larger than that of the 1962 stores. In addition, the 1963 program included 7 enlarged stores and 2 stores reopened after fires.

Continuing the policy of closing stores which are unprofitable or inadequate for today's broadened lines of merchandise, the Company permanently closed 23 stores, mostly as leases expired.

At the year end, there were 1,081 stores, including 705 in shopping centers. This compares with 1,032 stores, including 639 in shopping centers at the end of 1962.

The 1963 capital expenditures totalled \$5,750,000, principally for store fixtures, compared to \$7,478,000 in 1962.

In 1964, approximately 43 new shopping center stores will be opened, and 12 stores will be enlarged, with capital expenditures of approximately \$6,000,000. The average size of the new stores will continue to increase.

Beyond 1964, the Company plans to continue an aggressive growth program of new and larger stores.

PERSONNEL AND ORGANIZATION

At the year end, the Company had approximately 42,000 employees, compared to 41,000 a year ago.

In 1963, salaries, wages, social security taxes, retirement plan contributions, and other benefits were \$140,805,455 or 20.2% of sales. In 1962, they totalled \$131,205,257 or 19.1% of sales. These totals include social security taxes of \$7,430,202 in 1963 and \$6,867,940 in 1962; and contributions to the retirement plan of \$619,367 in 1963 and \$875,120 in 1962.

During the year, the Company's steady growth program continued to present opportunities to its people, which included the promotion of 137 assistant store managers to store management, and the promotion of 247 store managers to larger stores.

The Company has anticipated its future manpower needs by having 983 men-in-training for store management at the year end.

James G. Kendrick, formerly President of Zeller's Limited, returned to the Company as Sales Vice President. John G. Curtin, formerly Grant's Comptroller, was elected President of Zeller's Limited.

Howard E. Eades, formerly Merchandise Vice President, was elected Research and Personnel Vice President; and R. W. Rosevear, formerly Vice President and Assistant to the President, which office has been eliminated, was elected Merchandise Vice President.

At the February 25, 1964 meeting of the Board of Directors, Messrs. Kendrick, Eades, Rosevear, and J. A. Livolsi, Store Management Vice President, were elected Directors.

In addition, Richard W. Mayer, Treasurer, was elected Vice President and Treasurer; Edward G. Milburn, formerly Personnel Vice

President, was elected Vice President and Comptroller; and E. Walter Forsman, Accounting Manager, was elected an Assistant Comptroller.

ZELLER'S LIMITED

Zeller's, the Canadian affiliate with stores similar to Grant stores, whose common stock is 51% owned by the Grant Company, had an excellent year in 1963.

The 1963 sales reached a new all-time high of \$73,979,784 which was 7.5% above 1962.

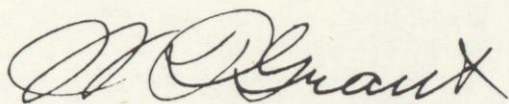
The year's net earnings were \$2,139,010 or \$2.58 per common share, which compares with \$1,929,994 or \$2.30 per common share in 1962.

Zeller's paid common dividends of \$1.40 per share in 1963, the same as in 1962. At the meeting on March 19, 1964, the Board of Directors increased the quarterly common stock dividend payable May 1, 1964 to 40 cents per share from the previously paid 35 cents per share. It also voted for a 4 for 1 split in the common stock, which will be presented for ratification at a stockholders meeting on May 21, 1964.

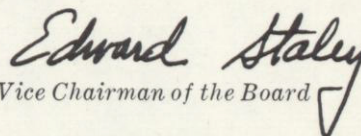
All the above amounts are in Canadian dollars.

The Company is particularly grateful to its employees, and to its customers, and suppliers for their contributions to its 1963 performance. It also welcomes its new stockholders and appreciates the loyalty of its continuing stockholders.

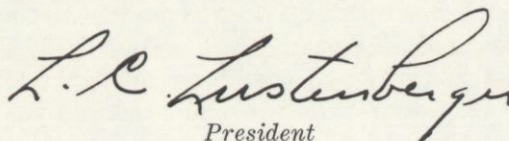
In assessing 1964, we believe that it will be another good year for the Company, with improvement expected in both sales and net earnings.



Chairman of the Board



Vice Chairman of the Board



President

statement of operations / W. T. GRANT COMPANY

Year ended January 31,

	1964	1963
SALES	\$698,673,072	\$686,262,689
Cost of merchandise sold and operating expenses	664,804,435	657,865,741
	<u>\$ 33,868,637</u>	<u>\$ 28,396,948</u>
ADD:		
Interest earned	148,058	114,794
Other income	647,426	525,484
	<u>\$ 795,484</u>	<u>\$ 640,278</u>
	<u>\$ 34,664,121</u>	<u>\$ 29,037,226</u>
DEDUCT:		
Depreciation and amortization	6,983,403	6,782,285
Interest expense	4,724,523	3,995,696
Other deductions	302,236	295,123
Provision for federal taxes on income—Note C:		
Current	5,422,000	6,739,000
Deferred	6,238,000	2,221,000
	<u>\$ 23,670,162</u>	<u>\$ 20,033,104</u>
NET EARNINGS FOR THE YEAR	<u>\$ 10,993,959</u>	<u>\$ 9,004,122</u>
DEDUCT:		
Cash dividends:		
On 3¾% Cumulative Preferred Stock:		
Four quarterly dividends of 93¾¢ each per share	562,506	562,507
On Common Stock:		
Four quarterly dividends of 30¢ each per share	7,048,160	6,997,322
TOTAL DIVIDENDS	<u>\$ 7,610,666</u>	<u>\$ 7,559,829</u>
EARNINGS FOR THE YEAR RETAINED FOR USE IN THE BUSINESS	\$ 3,383,293	\$ 1,444,293
ADD:		
Earnings of prior years retained for use in the business	<u>91,711,515</u>	<u>90,267,222</u>
ACCUMULATED EARNINGS RETAINED FOR USE IN THE BUSINESS AT END OF YEAR	<u>\$ 95,094,808</u>	<u>\$ 91,711,515</u>

(See notes to financial statements.)

W. T. Grant Company

January 31,

ASSETS	1964	1963
CURRENT ASSETS		
Cash	\$ 31,424,424	\$ 26,493,815
Short term securities	4,998,542	—
Accounts receivable:		
Customers' installment accounts not sold	24,805,673	125,356
Equity in customers' installment accounts (\$61,113,869 and \$66,905,814, respectively) sold	6,111,388	6,690,585
	<u>\$ 30,917,061</u>	<u>\$ 6,815,941</u>
Less allowance for doubtful accounts	3,511,852	2,690,344
	<u>\$ 27,405,209</u>	<u>\$ 4,125,597</u>
Other accounts receivable, claims, etc.	2,666,556	2,914,548
Total accounts receivable, net.	<u>\$ 30,071,765</u>	<u>\$ 7,040,145</u>
Merchandise inventories (including merchandise in transit)— at the lower of cost or market determined principally by the retail inventory method	<u>130,551,578</u>	<u>141,046,594</u>
TOTAL CURRENT ASSETS	<u>\$197,046,309</u>	<u>\$174,580,554</u>
OTHER ASSETS		
Investment in Zeller's Ltd., at cost—Note A	7,449,599	7,382,171
Cash surrender value of life insurance	2,464,139	2,415,184
Sundry receivables and deposits	796,142	738,001
TOTAL OTHER ASSETS	<u>\$ 10,709,880</u>	<u>\$ 10,535,356</u>
COMMON STOCK OF W. T. GRANT COMPANY		
At cost, held for Deferred Contingent Compensation Plan (43,800 and 40,500 shares, respectively)—Note B	850,857	768,424
STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS— on the basis of cost		
Buildings	191,910	191,910
Furniture and fixtures	69,021,577	67,277,109
Improvements to leased properties	11,562,722	11,516,126
	<u>\$ 80,776,209</u>	<u>\$ 78,985,145</u>
Less allowances for depreciation and amortization	39,838,810	36,715,729
	<u>\$ 40,937,399</u>	<u>\$ 42,269,416</u>
Land	338,500	338,500
TOTAL STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS	<u>\$ 41,275,899</u>	<u>\$ 42,607,916</u>
DEFERRED CHARGES		
Prepaid taxes, rents and insurance, supplies, etc.	2,376,827	3,889,386
UNAMORTIZED DEBT EXPENSE		
	462,374	492,043
	<u>\$252,722,146</u>	<u>\$232,873,679</u>

statement of financial position

|----- January 31, -----|

LIABILITIES, RESERVES, AND CAPITAL	1964	1963
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 53,210,387	\$ 42,585,806
Federal taxes on income—Note C	5,335,271	7,063,676
TOTAL CURRENT LIABILITIES	<u>\$ 58,545,658</u>	<u>\$ 49,649,482</u>
LONG TERM DEBT—Note D	35,000,000	35,000,000
DEFERRED FEDERAL TAX ON INCOME—Note C	9,263,000	3,025,000
RESERVES		
For uninsured risks	1,400,000	1,400,000
For repainting stores	1,774,644	1,656,165
For deferred contingent compensation—Note B	880,967	762,010
TOTAL RESERVES	<u>\$ 4,055,611</u>	<u>\$ 3,818,175</u>
CAPITAL—Notes B, D, and E:		
Capital Stock		
Cumulative Preferred—\$100 par value:		
Authorized 250,000 shares		
Issued 150,000 shares of 3¾% series	15,000,000	15,000,000
Common—\$2.50 par value:		
Authorized 8,500,000 shares		
Issued 5,941,081 and 5,890,151 shares, respectively	14,852,702	14,725,378
Capital paid-in in excess of par value of shares issued	20,284,195	19,352,359
Amounts paid by officers and employees under purchase contracts for 432,895 and 425,570 shares, respectively, of unissued Common Stock	626,172	591,770
	<u>\$ 35,763,069</u>	<u>\$ 34,669,507</u>
Earnings retained for use in the business	95,094,808	91,711,515
TOTAL CAPITAL	<u>\$145,857,877</u>	<u>\$141,381,022</u>
	<u>\$252,722,146</u>	<u>\$232,873,679</u>

(See notes to financial statements.)

statement of source and disposition of funds

(amounts in 000's)

(years which end January 31 of subsequent years)	1963	1962	1961	1960	1959	TOTAL 5 Years
WHERE FUNDS CAME FROM						
SALES	\$698,673	\$686,262	\$574,501	\$512,687	\$479,997	\$2,952,120
LESS:						
Merchandise costs, supplies, outside services, etc.	491,938	496,149	407,539	356,860	329,959	2,082,445
Wages and salaries, including miscellaneous benefits	132,756	123,462	107,224	97,336	88,047	548,825
Retirement plan contributions	619	875	648	908	1,071	4,121
Social security taxes on payrolls	7,430	6,868	5,249	4,459	3,494	27,500
Rents to landlords less rentals on subleases .	29,703	27,825	23,854	21,401	19,778	122,561
Federal, state and local taxes, excluding social security taxes	18,250	15,297	15,087	16,262	19,475	84,371
Depreciation and amortization	6,983	6,782	6,541	6,263	5,915	32,484
NET INCOME FROM OPERATIONS	\$ 10,994	\$ 9,004	\$ 8,359	\$ 9,198	\$ 12,258	\$ 49,813
Add charges against income which involve no cash outlay:						
Depreciation and amortization	6,983	6,782	6,541	6,263	5,915	32,484
Net increase in reserves	237	215	317	123	153	1,045
Deferred federal income tax	6,238	2,221	432	310	62	9,263
From sale of common stock to public	—	—	—	—	14,042	14,042
From sale of common stock to employees	1,094	929	1,214	1,487	812	5,536
From sale of debentures	—	—	35,000	—	—	35,000
From sale of land and buildings	—	18	146	—	9	173
From decrease in sundry accounts—net	1,435	880	—	—	—	2,315
TOTAL FUNDS PROVIDED	<u>\$ 26,981</u>	<u>\$ 20,049</u>	<u>\$ 52,009</u>	<u>\$ 17,381</u>	<u>\$ 33,251</u>	<u>\$ 149,671</u>

HOW FUNDS WERE USED

For dividends to stockholders	\$ 7,611	\$ 7,560	\$ 7,502	\$ 7,429	\$ 6,624	\$ 36,726
For investment in land and buildings	—	—	—	318	—	318
For investment in furniture and fixtures	5,306	7,272	7,577	7,596	7,220	34,971
For investment in improvements to leased properties	346	—	71	284	233	934
For investment in Zeller's Limited	67	42	—	—	—	109
For purchase of common stock for deferred compensation plan	82	136	6	126	149	499
For increase in sundry accounts—net	—	—	877	620	154	1,651
Funds added to working capital	13,569	5,039	35,976	1,008	18,871	74,463
TOTAL FUNDS USED	<u>\$ 26,981</u>	<u>\$ 20,049</u>	<u>\$ 52,009</u>	<u>\$ 17,381</u>	<u>\$ 33,251</u>	<u>\$ 149,671</u>

Note A— At January 31, 1964, the Company's equity in the net assets of Zeller's Limited, a 51% owned unconsolidated subsidiary, exceeded the cost of its investment in 385,850 shares of common stock of the subsidiary by approximately \$1,076,000. The Company's equity in Zeller's net earnings applicable to common stock (before dividends thereon for the year ended January 31, 1964) amounted to approximately \$920,000. During the year, the Company received dividends amounting to \$498,335 from Zeller's Limited.

Note B— The amount shown for the reserve for deferred contingent compensation at January 31, 1964 represents (a) to the extent that allotments are contingently distributable in Common Stock of the Company an amount equivalent to the cost to the Company of 43,800 shares of its Common Stock held for this purpose, plus provision for the purchase of approximately 59 additional shares; and (b) the total remaining in participants' contingent cash allotments. For the year ended January 31, 1964, the amount charged to earnings for this plan was \$150,000.

Note C— Gross profits on sales on the installment basis are reflected in the financial statements when the sales are made, whereas, for federal income tax purposes such gross profits are reported as income as collections are received. For the year ended January 31, 1964 approximately \$8,800,000 of such gross profit has been deferred for tax purposes.

The Company has continued to apply "guideline" depreciation rates and to use accelerated methods in determining depreciation deductions for federal income tax purposes while recording depreciation on the straight line method utilizing the same rates for financial statements as in prior years. For the year ended January 31, 1964 depreciation of approximately \$3,230,000 has been deducted for tax purposes in excess of the deduction in the financial statements.

The related federal income taxes pertaining to each of the above have been included in the provision for deferred taxes. In addition, deferred federal income taxes for the year includes approximately \$145,000 representing a portion of the "investment credit".

Note D— Long term debt consists of 4% Sinking Fund Debentures dated January 1, 1962 and due January 1, 1987. The indenture provides, among other things, for certain limitations with respect to the declaration of cash dividends, acquisition or disposition of capital stock, and the incurrence of long term indebtedness. Sinking Fund payments begin January 1, 1969 and continue at the annual rate of \$1,500,000. At January 31, 1964, approximately \$24,000,000 of earnings retained for use in the business was free for payment of cash dividends.

Note E— The 3% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at \$100 per share plus accrued dividends to date of redemption.

At January 31, 1964, 629,835 shares of the Company's unissued Common Stock were reserved under the Employees' Stock Purchase Plan. Contracts for the sales of such shares, on a deferred payment basis, are made at approximate market prices at dates of contracts. Shares are issued after completion of payments.

Note F— At January 31, 1964, the Company was lessee of real property under 1,108 leases expiring subsequent to January 31, 1967 at aggregate minimum annual rentals of approximately \$28,621,000 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately \$22,293,000 for minimum annual rentals under 852 leases which were on a percentage of sales basis with specified minimum annual rentals, but does not include any amount for 12 leases which were on a percentage of sales basis without any specified minimum annual rentals.

ACCOUNTANTS' REPORT

ERNST & ERNST

120 BROADWAY
NEW YORK 5, N. Y.

TO THE BOARD OF DIRECTORS
W. T. GRANT COMPANY
NEW YORK, N. Y.

We have examined the statement of financial position of W. T. Grant Company at January 31, 1964, and the related statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and operations present fairly the financial position of W. T. Grant Company at January 31, 1964, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. It is also our opinion that the accompanying statement of source and disposition of funds for the year ended January 31, 1964 presents fairly the information shown therein.

New York, N. Y.
March 24, 1964

ERNST & ERNST

comparative statement of operations

	(years which end January 31 of subsequent years)				
	1963	1962	1961	1960	1959
SALES	\$698,673,072	\$686,262,689	\$574,501,798	\$512,686,823	\$479,997,477
LESS:					
Cost of merchandise sold and operating expenses	664,804,435	657,865,741	549,066,107	486,492,154	447,992,005
	<u>33,868,637</u>	<u>28,396,948</u>	<u>25,435,691</u>	<u>26,194,669</u>	<u>32,005,472</u>
ADD:					
Interest earned	148,058	114,794	67,915	139,229	98,802
Other income	647,426	525,484	608,205	560,286	490,854
	<u>34,664,121</u>	<u>29,037,226</u>	<u>26,111,811</u>	<u>26,894,184</u>	<u>32,595,128</u>
DEDUCT:					
Depreciation and amortization	6,983,403	6,782,285	6,540,639	6,262,568	5,915,020
Interest expense	4,724,523	3,995,696	2,184,964	1,518,260	1,055,401
Other deductions	302,236	295,123	266,895	270,223	191,767
Provision for federal taxes on income	11,660,000	8,960,000	8,760,000	9,645,000	13,175,000
	<u>10,993,959</u>	<u>9,004,122</u>	<u>8,359,313</u>	<u>9,198,133</u>	<u>12,257,940</u>
NET EARNINGS FOR THE YEAR					
DEDUCT:					
Preferred dividends	562,506	562,507	562,507	562,507	562,506
Common dividends	7,048,160	6,997,322	6,940,102	6,866,389	6,061,164
ADD:					
Earnings of prior years retained in the business	91,711,515	90,267,222	89,410,518	87,641,281	82,007,011
Accumulated earnings retained, at end of year	<u>\$ 95,094,808</u>	<u>\$ 91,711,515</u>	<u>\$ 90,267,222</u>	<u>\$ 89,410,518</u>	<u>\$ 87,641,281</u>

comparative statement of financial position

(at January 31 of subsequent years)

ASSETS:

	1963	1962	1961	1960	1959
Cash	\$ 31,424,424	\$ 26,493,815	\$ 49,687,679	\$ 25,637,672	\$ 30,515,575
Short term securities	4,998,542	—	—	2,996,826	—
Accounts receivable—customers' installment accounts (net)	27,405,209	4,125,597	17,601,057	2,325,255	2,570,001
Accounts receivable—other	2,666,556	2,914,548	2,567,880	1,943,821	1,504,696
Merchandise inventories	130,551,578	141,046,594	112,885,170	96,243,818	86,089,840
TOTAL CURRENT ASSETS	<u>197,046,309</u>	<u>174,580,554</u>	<u>182,741,786</u>	<u>129,147,392</u>	<u>120,680,112</u>
Investment in Zeller's Limited, at cost	7,449,599	7,382,171	7,339,983	7,339,983	7,339,983
Cash surrender value of life insurance	2,464,139	2,415,184	2,363,920	3,292,245	3,169,308
Sundry receivables and deposits	796,142	738,001	857,337	911,108	816,266
Common stock of W. T. Grant Company held for deferred contingent compensation plan, at cost	850,857	768,424	632,995	627,329	501,710
Land and buildings (net)	472,433	480,147	487,861	641,326	330,756
Furniture and fixtures (net)	36,592,084	37,744,657	36,668,189	34,993,088	33,006,397
Improvements to leased properties (net)	4,211,382	4,383,112	4,979,314	5,539,916	5,901,971
Deferred charges	2,376,827	3,889,386	4,672,187	3,334,753	2,933,025
Unamortized debt expense	462,374	492,043	521,346	—	—
TOTAL ASSETS	<u>\$252,722,146</u>	<u>\$232,873,679</u>	<u>\$241,264,918</u>	<u>\$185,827,140</u>	<u>\$174,679,528</u>

LIABILITIES, RESERVES, AND CAPITAL:

Accounts payable and accrued expenses	\$ 53,210,387	\$ 42,585,806	\$ 54,461,145	\$ 36,537,269	\$ 33,041,072
Federal taxes on income—estimated (less U. S. Government securities)	5,335,271	7,063,676	8,388,685	8,694,088	4,731,572
TOTAL CURRENT LIABILITIES	<u>58,545,658</u>	<u>49,649,482</u>	<u>62,849,830</u>	<u>45,231,357</u>	<u>37,772,644</u>
Long term debt	35,000,000	35,000,000	35,000,000	—	—
Deferred federal income tax	9,263,000	3,025,000	804,000	372,000	62,300
Reserve for uninsured risks	1,400,000	1,400,000	1,400,000	1,400,000	1,500,000
Reserve for repainting stores	1,774,644	1,656,165	1,505,579	1,273,123	1,151,336
Reserve for deferred contingent compensation	880,967	762,010	697,562	613,400	511,950
CAPITAL:					
Preferred 3% % stock \$100 par value	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Common stock	35,763,069	34,669,507	33,740,725	32,526,742	31,040,017
Earnings retained for use in the business	95,094,808	91,711,515	90,267,222	89,410,518	87,641,281
TOTAL LIABILITIES, RESERVES, AND CAPITAL	<u>\$252,722,146</u>	<u>\$232,873,679</u>	<u>\$241,264,918</u>	<u>\$185,827,140</u>	<u>\$174,679,528</u>

historical record / 1907 THROUGH 1963

(Amounts in 000's)

(Amounts in 000's)

Year	No. of Stores	PRE-TAX EARNINGS		NET EARNINGS		DIVIDENDS		WORKING CAPITAL		FIXED ASSETS		NET WORTH	
		Total	Per Sales Dollar	Total	Per Sales Dollar	Total	% of Net	Total	% Sales	Total	% Sales	Total	% Earned
1907	1	\$ 10	9.8¢	\$ 10	9.8¢	\$ 8	81.7	\$ 16	16.5	\$ 3	3.0	\$ 19	52.6
1912	12	26	1.9	26	1.9	32	121.9	179	13.2	132	9.7	315	8.3
1917	30	154	3.4	110	2.4	44	39.5	430	9.5	301	6.7	759	14.5
1922	50	708	4.6	611	4.0	173	28.2	1,803	11.7	1,403	9.1	3,261	18.7
1927	157	43,744	6.3	2,386	5.5	569	23.8	5,200	11.9	6,167	14.1	11,416	20.9
1932	446	73,087	2.5	1,612	2.2	1,195	74.2	9,704	13.3	16,101	22.0	25,155	6.4
1937	480	99,060	4.3	3,402	3.4	2,353	69.2	18,580	18.8	14,876	15.0	34,359	9.9
1942	493	154,204	6.3	3,762	2.4	2,014	53.5	22,449	14.6	19,052	12.4	41,046	9.2
1947	483	228,636	6.1	8,679	3.8	4,131	47.6	42,359	18.5	23,128	10.1	63,462	13.7
1952	493	283,240	6.7	7,570	2.7	4,165	55.0	43,077	15.2	35,203	12.4	84,744	8.9
1953	502	299,768	6.3	8,045	2.7	4,188	52.1	41,956	14.0	38,189	12.7	89,056	9.0
1954	520	317,157	5.9	8,755	2.8	4,211	48.1	46,553	14.7	38,245	12.1	94,118	9.3
1955	574	351,849	5.8	9,710	2.8	4,971	51.2	57,125	16.2	33,760	9.6	99,480	9.8
1956	632	380,915	4.9	8,938	2.3	5,496	61.5	57,808	15.2	36,795	9.7	103,565	8.6
1957	691	406,337	4.5	9,718	2.4	5,527	56.9	62,273	15.3	37,641	9.3	108,305	9.0
1958	739	432,241	4.7	9,850	2.3	5,553	56.4	64,037	14.8	37,710	8.7	113,193	8.7
1959	801	479,997	5.3	12,258	2.6	6,624	54.0	82,907	17.3	39,239	8.2	133,681	9.2
1960	864	512,687	3.7	9,198	1.8	7,429	80.8	83,916	16.4	41,174	8.0	136,937	6.7
1961	952	574,502	3.0	8,359	1.5	7,502	89.7	119,892	20.9	42,135	7.3	139,008	6.0
1962	1,032	686,262	2.6	9,004	1.3	7,560	84.0	124,931	18.2	42,608	6.2	141,381	6.4
1963	1,081	698,673	3.2	10,994	1.6	7,611	69.2	138,501	19.8	41,276	5.9	145,858	7.5

Merchandise Lines sold in W.T. Grant Friendly Family Stores

FOR WOMEN

Dresses
Coats, Suits, Jackets
Skirts, Slacks
Blouses
Sportswear, Playwear
Sweaters
Beachwear
Millinery, Ribbons,
 Veiling
Uniforms
Gloves
Handbags
Hosiery
Slips, Petti Slips
Gowns
Pajamas
Robes, Dusters
Foundation Garments
Maternity Wear
Shoes, Slippers
Swimwear
Jewelry, Watches
Rainwear, Umbrellas
Cosmetics, Toiletries
Luggage, Wallets
Underwear
Party Supplies
Yard Goods, Patterns
Art Needlework
Hair Goods, Notions
Sewing Supplies

FOR CHILDREN

Infants' Wear
Infants' Furniture
Nursery Supplies
Layettes
Shoes
Slippers
Hosiery
Sweaters
Headwear
Sleepwear
Robes
Coats, Snowsuits
Gloves, Mittens
Swimwear
Polo Shirts
Playwear
Sportswear
Rainwear
Girls' Dresses, Slips
Girls' Skirts, Blouses
Pre-Teen Apparel
Handbags
Boys' Suits and Jackets
Boys' Shirts and Pants
Underwear
Boys' Belts, Neckties
Dolls, Doll Clothes
Bicycles, Accessories
Books, Games,
 Hobby Kits
Creative Toys,
 Educational Toys

FOR MEN

Dress Shirts
Sports Shirts
Sweaters
Slacks
Jackets
Coats
Headwear
Hosiery
Shoes
Slippers
Underwear
Rainwear
Walking Shorts
Work Clothes
Neckties
Polo Shirts
Pajamas
Gloves
Rubber Footwear
Watches
Jewelry
Robes
Beachwear
Belts
Shaving Needs
Sporting Goods
 Active Sports
 Camping, Hunting,
 Fishing
Swimwear


FOR THE HOME

Bed Sheets, Pillow Cases, Pillows
Blankets, Comforters, Bedspreads
Bedroom Ensembles, Cushions
Curtains, Draperies, Slip Covers
Towels, Shower Curtains,
 Bathroom Supplies
Dinnerware, Glassware, Cutlery
Table Linens, Oilcloth
Electric Appliances, Power Tools
Lamps, Shades, Pictures
Room Size and Scatter Rugs
Furniture, Mirrors
Summer Furniture,
 Unfinished Furniture
Hardware, Hand Tools
Paints, Brushes
Candy, Cookies
Record Players, Records
Radios, Television Sets
Cameras and Supplies
Power Lawn Mowers
Garden Tools, Plants, Seeds
Barbecue Grills
Wading Pools, Play Gyms
Stationery, Typewriters
Cooking Utensils
Electrical Accessories, Fans
Pets, Pet Supplies
Refrigerators, Freezers,
 Washers, Dryers,
 Sewing Machines
Aluminum Storm Windows, Doors
Cleaning and Laundry Supplies
Gift and Novelty Items



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